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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: August 16, 2021

Re: WTCS Report to JFC

Attached is a report on Outcomes-Based Funding from the Wisconsin Technical College System, pursuant to s. 38.28(2)(b)(3), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

HM:MB:jm



Dr. Morna K. Foy, President

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August 13, 2021

AUG 16 2021
St. Finance

Senator Howard Marklein and
Representative Mark Born, Co-Chairpersons
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Marklein and Representative Born:

I am pleased to share with you the attached report in compliance with section 38.28 (2) (be) (3) of the Wisconsin statutes. This provision requires the Wisconsin Technical College System (WTCS) to submit an annual report regarding Outcomes-Based Funding. The report is to be submitted to the Joint Committee on Finance. The reporting requirement was established in the 2013-15 Biennial Budget.

If you have any questions regarding this report, please contact James Zylstra, Executive Vice President at 608-266-1739.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Foy".

Dr. Morna K. Foy
President

Cc: Joe Malkasian, JFC Committee Clerk
Bob Lang, Legislative Fiscal Bureau



Outcomes-Based Funding

2020-21 report of the
Wisconsin Technical College System

August 2021

EXECUTIVE SUMMARY

The Wisconsin Technical College System (WTCS) is the first higher education sector in Wisconsin to distribute a portion of its state aid based on the outcomes of its 16 colleges. This model of distributing state funding began with 2014-15 state fiscal year. Now in its eighth year of implementation, the outcomes-based funding model has already successfully:

- demonstrated the link between college outcomes and the funding provided by the State of Wisconsin;
- encouraged continuous improvement by the colleges in areas of strategic importance; and
- struck a balance in the distribution of state funding between accountability and innovation (i.e., outcomes-based funding at 30 percent) and the need to maintain a continuous, predictable source of funding to address on-going educational and workforce needs (i.e., formula funding at 70 percent).

WTCS has seen statewide improvements in a number of areas as established by the Legislature.

- The number of programs with technical skills attainment assessment expanded by over 15 percent between 2017-18 and 2019-20.
- The number of dual enrollment credits awarded to Wisconsin high school students grew by 20 percent from 2017-18 to 2019-20.
- The number of credits earned by students enrolled in an apprenticeship program increased by 15 percent from 2018-19 to 2019-20.
- The total number of minority students who received education or training increased by more than 2 percent from 2017-18 to 2019-20.
- The number of credits awarded to students for prior education and training increased by 50 percent from 2017-18 to 2019-20.

BACKGROUND

As authorized under 2013 Act 20 (the 2013-15 biennial budget), the WTCS Board established a new funding model for allocating a portion of general state aid to technical colleges.

Statutory Criteria

The funding model is based on ten criteria:

- 1) job placement rates in jobs related to students' programs of study;
- 2) number of degrees and certificates awarded in high demand fields;
- 3) number of programs or courses with industry-validated curriculum;
- 4) the transition of adult basic education students to skills training;
- 5) the success rate of adults in basic education courses;
- 6) participation in dual enrollment programs;
- 7) workforce training provided to businesses and individuals;
- 8) participation in collaboration or efficiency initiatives; and
- 9) training provided to special populations or demographic groups unique to the district;
- 10) number of credits awarded to students for relevant education experience or training, including skills and training received during military service.

Act 20 further specified that:

- the funding model be used to distribute 30 percent of general state aid funding;
- the remainder of general state aid be distributed based on the enrollment and cost-based statutory aid formula;
- the model use data from the three previous fiscal years; and
- each college designate seven of ten statutory criteria for use in the funding allocations.

Allocation of Funds among Criteria

Each year, 25 percent of the total outcomes-based funding is divided equally among the ten statutorily defined outcomes criteria as the base allocation for each criterion. The remaining 75 percent of outcomes-based funding is then distributed among all criteria proportionately, based on the number of colleges selecting each criterion.

2021-22 OUTCOMES FUNDING

TABLE 1: Distribution of 2021-22 Outcomes-Based Funding, by College and Criteria (in \$)

	Criteria 1: Job Placement	Criteria 2: High Demand Fields	Criteria 3: Industry Validated Curriculum	Criteria 4: ABE Transition	Criteria 5: ABE Success	Criteria 6: Dual Enrollment	Criteria 7: Workforce Training	Criteria 8: Collaboration	Criteria 9: Special Populations	Criteria 10: Credit for Prior Learning	College Total
Blackhawk	189,595	0	135,472	150,187	207,255	187,446	0	188,043	170,004	0	1,228,002
Chippewa Valley	323,940	302,770	273,092	0	0	329,602	190,847	268,541	0	222,644	1,911,436
Fox Valley	390,858	454,031	392,626	0	0	425,136	647,354	328,375	0	408,105	3,046,485
Gateway	0	325,960	252,951	0	308,518	424,759	252,196	290,681	305,256	0	2,160,321
Lakeshore	192,227	169,041	232,246	0	219,933	0	100,866	186,436	183,742	0	1,284,491
Madison Area	417,235	419,277	0	702,908	461,623	0	0	411,739	435,850	500,722	3,349,354
Mid-State	231,726	114,083	181,998	0	128,900	0	0	188,275	219,804	178,206	1,242,991
Milwaukee Area	0	0	457,601	691,512	646,855	0	389,182	449,657	435,960	443,247	3,514,014
Moraine Park	210,150	186,573	0	162,194	325,447	0	386,766	216,254	361,866	0	1,849,250
Nicolet Area	151,232	56,824	133,024	111,725	150,123	0	0	156,437	193,713	0	953,077
Northcentral	251,870	249,117	300,576	0	258,967	328,483	259,870	0	261,707	0	1,910,590
Northeast Wisconsin	379,600	398,575	384,477	0	0	454,791	0	331,106	291,125	293,495	2,533,170
Southwest Wisconsin	218,883	0	182,091	0	112,253	120,284	0	177,601	135,830	125,492	1,072,434
Waukesha County	250,525	272,617	251,092	0	263,242	269,904	0	250,642	243,959	0	1,801,983
Western	0	208,271	254,668	201,063	0	196,123	0	241,879	309,075	262,661	1,673,740
Wisconsin Indianhead	264,191	314,893	247,611	0	181,426	113,028	0	201,349	131,634	0	1,454,133
Total	3,472,033	3,472,033	3,679,525	2,019,589	3,264,541	2,849,557	2,227,081	3,887,017	3,679,525	2,434,573	30,985,470

JOB PLACEMENT

WTCS gathers job placement data by annually surveying all credential completers six months after graduation. While not all graduates choose to answer the survey, 62% of 2020 graduates responded to the survey's standardized questions.

Among 2020 graduates, 91 percent of respondents were employed within six months of graduation. Technical college graduates overwhelmingly stay to work and live in Wisconsin, with 94 percent of 2020 graduates who reported location are employed in the state.

As shown in the Table below, 78 percent of employed graduates report being employed in jobs related to their specific programs of study within six months of completing a technical college program. These high levels of employment and employment related to their specific programs of study have been shown to be consistent over time, regardless of the state's unemployment rate or the overall state of the economy.

TABLE 2: 3-Year Total, Graduates in Related Fields

	Graduates Employed	Graduates Employed in Related Fields	Percentage Employed in Related Fields
Blackhawk	586	501	85.5%
Chippewa Valley	2,258	1,925	85.3%
Fox Valley	3,296	2,694	81.7%
Gateway	1,716	1,261	73.5%
Lakeshore	912	694	76.1%
Madison Area	4,286	3,127	73.0%
Mid-State	1,143	965	84.4%
Milwaukee Area	2,723	1,937	71.1%
Moraine Park	889	746	83.9%
Nicolet Area	285	223	78.2%
Northcentral	1,485	1,219	82.1%
Northeast Wisconsin	3,331	2,626	78.8%
Southwest Wisconsin	1,144	912	79.7%
Waukesha County	1,539	1,236	80.3%
Western	1,068	837	78.4%
Wisconsin Indianhead	1,977	1,478	74.8%
Statewide	28,638	22,381	78.2%

Fifty percent of the funds are distributed based on a college's job placement rate and fifty percent based on a college's proportionate share of statewide graduates that report they are working in jobs related to their programs of study.

GRADUATES IN HIGH-DEMAND FIELDS

High-demand fields are defined as the top 50 occupations in Wisconsin with heavy employer demand for qualified workers for both new jobs as well as replacements created by turnover or retirements. Occupations are identified by comparing the Wisconsin Department of Workforce Development's (DWD) statewide, long-term occupational projections with the technical colleges' occupational training.

Examples of high-demand occupations for 2020-21 include: nurses and related health care professionals, truck drivers, welders, machinists, carpenters, first-line supervisors, accountants/auditors, and computer systems analysts.

Over the past three years, over 70% of Wisconsin technical college graduates are in high-demand fields. This is the result of the longstanding practices of the technical colleges to participate in meaningful, ongoing engagement with local employers and information from local labor market analyses. Such efforts influence and inform every technical college program, including its capacity, curriculum, equipment and skillsets.

As shown in Table 3, technical colleges produced over 89,000 degrees and credentials for Wisconsin's workforce in the past three years, including more than 63,000 credentials in fields with the most acute talent needs in the state.

TABLE 3: 3-Year Credential Totals, by Category and College

	High-Demand Fields	All Fields	Percentage
Blackhawk	1,266	1,699	75%
Chippewa Valley	4,870	7,103	69%
Fox Valley	7,303	10,526	69%
Gateway	5,243	6,067	86%
Lakeshore	2,719	2,885	94%
Madison Area	6,744	11,724	58%
Mid-State	1,835	2,550	72%
Milwaukee Area	4,656	7,524	62%
Moraine Park	3,001	3,926	76%
Nicolet Area	914	1,330	69%
Northcentral	4,007	5,417	74%
Northeast Wisconsin	6,411	9,116	70%
Southwest Wisconsin	1,585	2,278	70%
Waukesha County	4,385	5,979	73%
Western	3,350	4,679	72%
Wisconsin Indianhead	5,065	6,317	80%
Statewide	63,354	89,120	71%

Funds are distributed based on each college's proportionate share of the total number of degrees and certificates awarded in high-demand fields statewide.

INDUSTRY-VALIDATED CURRICULUM

Industry-validated curriculum is defined in two ways, as active industry advised programs and Technical Skills Attainment (TSA). Industry-validated curriculum are technical college degree and certificate programs which have enrolled students and advisory committees comprised of local employers and employees in the relevant occupation. The advisory committees provide input on equipment, course materials, instructional methods and career guidance counseling to ensure relevance to current industry practiced standards.

Technical Skill Attainment assessments are formal, direct measurements that provide evidence that students have achieved intended program outcomes or skills. TSAs may include third-party exams, performance-based assessments, portfolios, capstone projects, clinical evaluations or other measures. TSAs measure student achievement in core industry-relevant program outcomes, while ensuring that those outcomes derive directly from valid industry standards.

Table 4: Industry-Validated Programs and TSAs, 2019-20

	Industry-Validated Programs	Technical Skills Attainment Assessment
Blackhawk	61	49
Chippewa Valley	109	93
Fox Valley	164	137
Gateway	120	66
Lakeshore	102	72
Madison Area	155	92
Mid-State	84	60
Milwaukee Area	218	102
Moraine Park	93	40
Nicolet Area	55	35
Northcentral	131	81
Northeast Wisconsin	170	107
Southwest Wisconsin	72	57
Waukesha County	105	81
Western	114	72
Wisconsin Indianhead	111	80
Statewide	1,864	1,224

Seventy five percent of the funds are distributed based on each college's proportionate share of active programs (i.e., having enrolled students) and the remaining 25 percent is distributed based on each college's proportionate share of programs with TSA assessments.

ABE TRANSITIONS

Adult Basic Education (ABE) helps adults with reading, writing, mathematics skills and career education at levels ranging from first through twelfth grade. English Language Learning (ELL) provides instruction for those whose native or dominant language is other than English. ELL helps these learners to read, write and communicate in English in order to achieve high school completion, entry into occupational programs and work placement.

A primary mission of Wisconsin's technical colleges is to enable full participation in the workforce, regardless of an individual's prior educational background. Over the past three years, technical colleges helped over 14,200 students transition out of basic education and successfully complete postsecondary work.

Table 5 shows the number of adults over a three-year period transitioning from ABE to postsecondary coursework in the same year or the following year.

TABLE 5: 3-Year Total, Transitions from Adult Basic to Postsecondary Education

	3-Year Total
Blackhawk	738
Chippewa Valley	574
Fox Valley	425
Gateway	340
Lakeshore	190
Madison Area	3,454
Mid-State	532
Milwaukee Area	3,398
Moraine Park	797
Nicolet Area	549
Northcentral	1,031
Northeast Wisconsin	318
Southwest Wisconsin	80
Waukesha County	471
Western	988
Wisconsin Indianhead	338
Statewide	14,223

Funds are distributed based on each college's share of the number of adult students who: (a) were enrolled in at least 12 hours of adult basic education, adult high school, or ELL courses; and then (b) successfully completed a postsecondary course, in either the year of their ABE enrollment or in the following academic year.

ABE SERVICES AND SUCCESS

A core function of Wisconsin's technical colleges is to provide basic skills education and promote a fully literate society. Basic skills education enables students to fully participate in Wisconsin's workforce and helps ensure that all state residents have an opportunity to better themselves economically.

As shown in Table 6, more than 65,000 students took advantage of ABE services at technical colleges over the past three years. (To facilitate access to Wisconsin's technical colleges and to promote these statewide interests, state law requires ABE services must be provided tuition-free.)

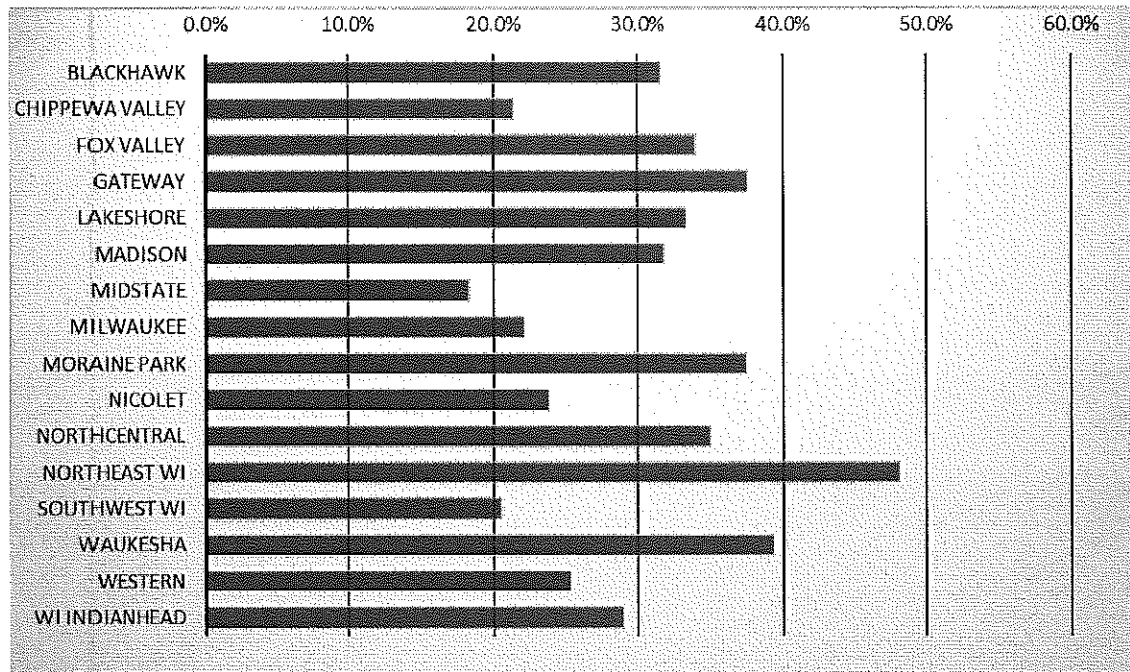
TABLE 6: 3-Year Total, Adult Basic Education Students

	Number of Students
Blackhawk	2,092
Chippewa Valley	1,742
Fox Valley	4,835
Gateway	4,512
Lakeshore	2,244
Madison Area	10,366
Mid-State	1,496
Milwaukee Area	17,867
Moraine Park	5,071
Nicolet Area	1,387
Northcentral	3,274
Northeast Wisconsin	2,183
Southwest Wisconsin	616
Waukesha County	2,781
Western	3,236
Wisconsin Indianhead	1,636
Statewide	65,338

Student success in ABE courses is defined as demonstrated educational gains on standardized national tests, which are administered and reported as a condition of the colleges' receiving federal adult basic education grants.

Figure 1 shows the average ABE student success rates by college.

FIGURE 1: 3-Year Success Rate: ABE Students Demonstrating Educational Gains



Funds are distributed based on two factors. Fifty percent of funding is distributed based on each college's proportionate share of the number of adult students who were enrolled in at least 12 hours of adult basic education, adult high school or ELL courses. The other 50 percent of funding is distributed based on each college's "success rate," which is defined as the percentage of adult basic education, adult high school or ELL students who have demonstrated educational gains under standardized pre- and post-testing regimens.

DUAL ENROLLMENT

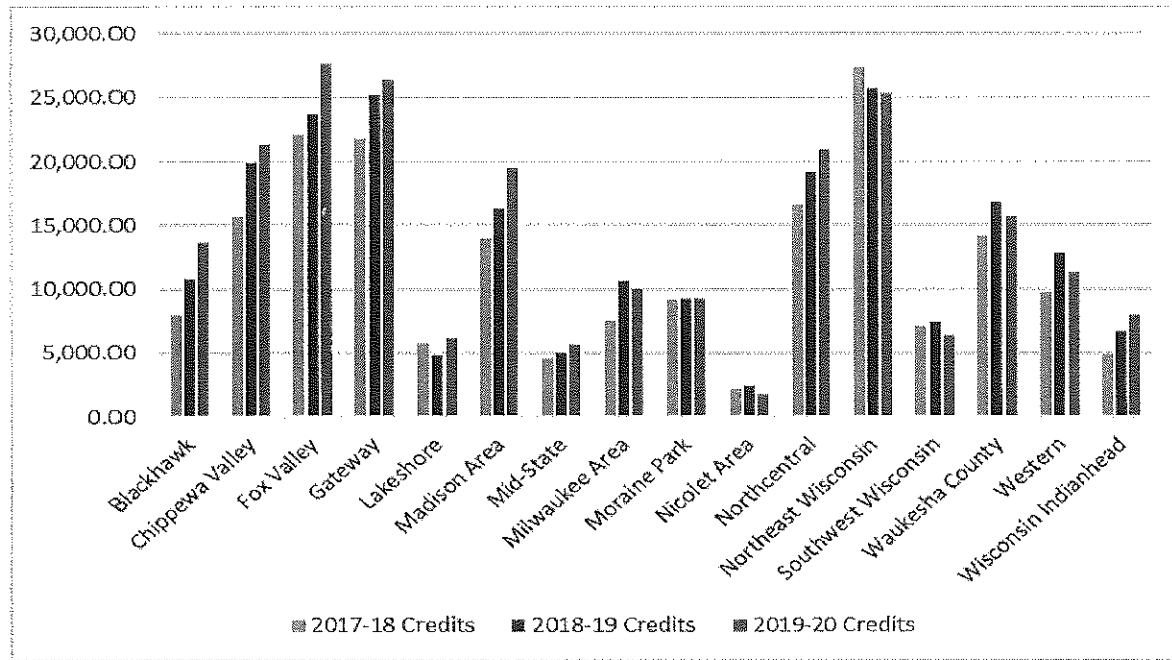
Wisconsin's technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access and minimize costs to students and their school districts.

The most popular and fastest growing of these is known as "transcripted credit." It permits students to study technical college curricula at their high school — taught by qualified high school instructors — under agreements that are revenue-neutral to both the college and the school district.

Each college works to establish and continually grow participation in these programs, even in those districts that are sparsely populated, cover a large geographical area, or have other challenges to participation.

Figure 2 shows the number of dual enrollment credits issued by colleges, over the three years.

FIGURE 2: Credits Awarded Under Dual Enrollment



Total statewide dual enrollment credits earned by high school students at Wisconsin's technical colleges increased from 190,063 in 2017-18 to 228,769 in 2019-20 — an increase of over 20 percent in three years. Thanks to WTCS dual enrollment programs, more than 52,000 Wisconsin high school students get a head start on college each year.

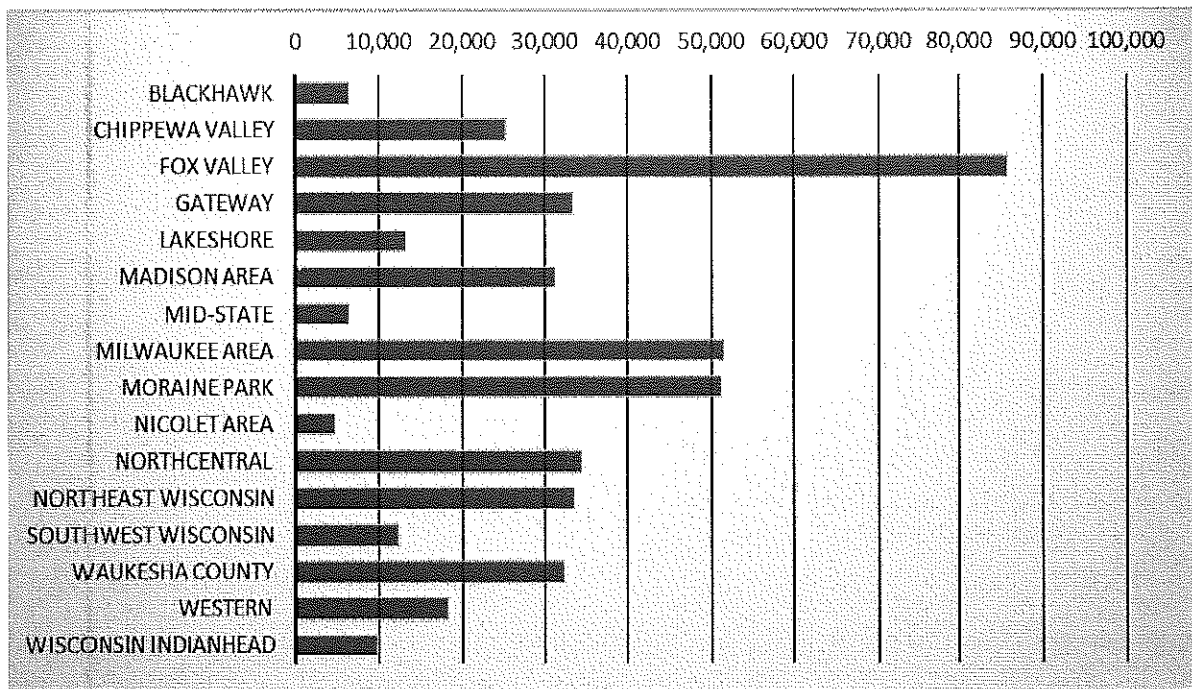
Funds are distributed based on each college's proportionate share of statewide credits earned in all types of dual enrollment offerings, which include transcribed credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Start College Now (Formerly known as Youth Options) and Course Options programs.

WORKFORCE TRAINING

Wisconsin's technical colleges are an integral component of employer success across the state: as the premier providers of customized business solutions; apprenticeship-related classroom instruction; on-site training; and professional development, including APICS and supply chain, Lean Six Sigma, health care and human services, sustainability, continuous improvement, project management, leadership development, and other specialized training.

WTCS-delivered customized training helps businesses increase their efficiency, productivity and worker safety. For employees, it allows them to improve their employability and earning potential. Technical colleges provide workforce training for more than 5,000 employers each year, including businesses of every size and in every industry in the state. As shown in Figure 3, WTCS-delivered more than 451,000 workforce training credits over the last three years.

FIGURE 3: 3-Year Total, Workforce Training Credits



Workforce training funds are distributed based on each college's proportionate share of credits generated in each of the following areas:

- contracts to provide customized instruction to public and private employers;
- employer-paid tuition and training;
- apprenticeship education; and
- professional development seminars.

COLLABORATION

Wisconsin's technical colleges participate in a variety of local and regional collaborations and partnerships aimed at increasing efficiencies, maximizing student success and opportunities, and making the most of instructional resources. The six statewide partnerships in which all 16 technical colleges participate were chosen as standard measures for the purposes of the collaboration criteria.

Districts Mutual Insurance (DMI), for example, was formed by the colleges for the

purposes of insuring property, automobile, liability, workers' compensation and other risk. Since its establishment more than 15 years ago, DMI has saved taxpayers \$18.5 million in insurance premiums, through the collective buying power of all 16 institutions and lowered administrative overhead. Similarly, the WTCS Purchasing Consortium takes advantage of the colleges' combined purchasing power to save on supplies and services common across all 16 colleges.

Funds are distributed based 50 percent on each college's proportionate share of full-time equivalent students and 50 percent as an amount equally divided among the colleges. To be eligible under these criteria, a college must maintain membership in the following collaborative partnerships:

- Districts Mutual Insurance;
- District Boards Association;
- Purchasing Consortium;
- Marketing Consortium;
- Wisconsin Student Government; and
- Worldwide Instructional Design System (WIDS).

SPECIAL POPULATIONS

The special populations criteria recognizes special student populations or demographic groups that may be considered unique to certain technical college districts, such as older dislocated workers and returning veterans. These groups may require specialized support services in order to reach their academic and career goals.

TABLE 7: 3-Year Total, Special Populations Served by Wisconsin Technical Colleges

	All Students	Pell Recipients (low income)	Students of Color	Veterans	Incarcerated	Dislocated Workers	Students with Disabilities
Blackhawk	24,481	3,253	4,263	229	301	59	700
Chippewa Valley	53,773	6,126	5,416	507	473	37	1,429
Fox Valley	147,510	7,012	21,574	1,028	2,333	210	1,576
Gateway	60,701	8,674	21,528	579	310	178	2,430
Lakeshore	29,799	2,764	4,556	257	636	101	509
Madison Area	98,644	12,170	24,708	1,261	714	486	3,756
Mid-State	23,763	3,596	2,307	269	385	107	769
Milwaukee Area	97,521	24,606	54,387	907	607	111	3,349
Moraine Park	46,914	3,127	8,105	260	5,918	144	2,823
Nicolet Area	15,213	1,478	1,552	100	149	104	659
Northcentral	56,088	5,099	5,833	375	1,647	224	1,217
Northeast Wisconsin	83,091	9,231	13,972	894	725	205	2,457
Southwest Wisconsin	20,800	1,775	1,602	81	609	34	974
Waukesha County	58,097	4,115	10,858	645	558	166	1,733
Western	38,290	4,980	5,889	533	1,979	97	2,356
Wisconsin Indianhead	54,390	4,028	3,787	266	320	93	1,136
Statewide	909,075	102,034	190,337	8,191	17,664	2,356	27,873

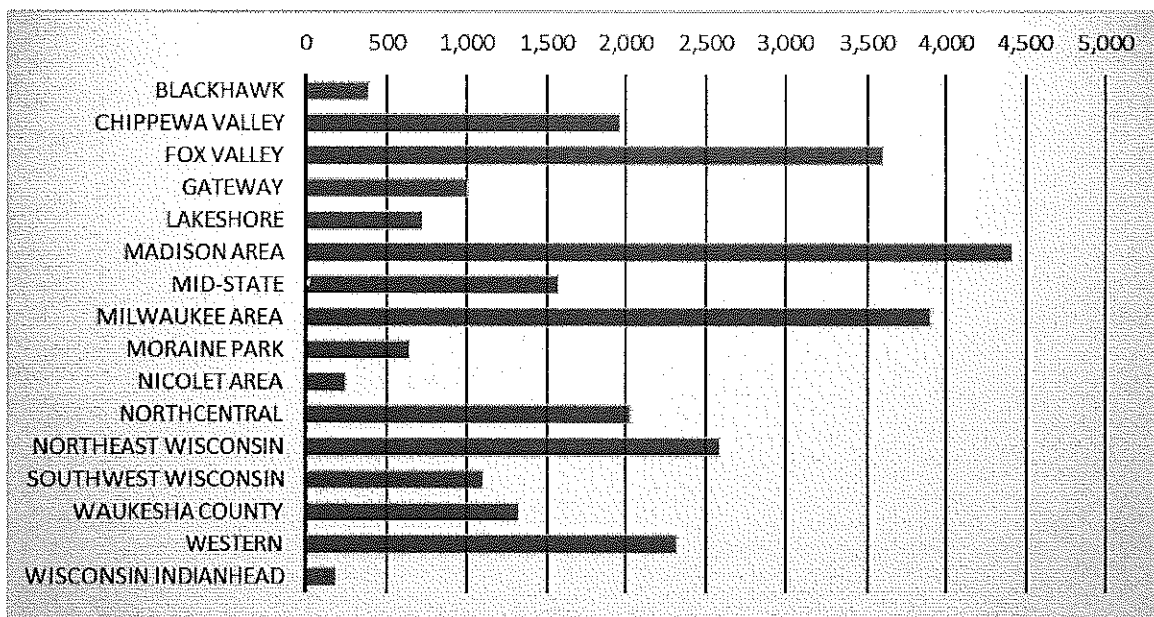
Half of available funds for these criteria are distributed based on each college's proportionate share of the six special populations: students of color, Pell Grant recipients, military veterans, incarcerated individuals, dislocated workers and persons with disabilities. The remainder is distributed based on each college's percentage of special population students, relative to their total student population.

Credits Awarded for Relevant Educational Experience or Training

Wisconsin's technical colleges provide students with the opportunity to shorten their time to a credential by demonstrating their knowledge and skills they have gained outside the classroom.

Wisconsin's technical colleges award credits for relevant educational experience or training not obtained through an institution of higher education, including skills training received through military training. The colleges increased credits awarded for relevant educational experience and training in this category by 50 percent from 7,460 in 2017-18 to 11,181 in 2019-20.

FIGURE 4: 3-Year Total, Credits Awarded for Relevant Educational Experience or Training



Funds are distributed based on each college's credits awarded to students who successfully demonstrated relevant educational experience or training skills not obtained through an institution of higher education, but acquired through military and work experience, as well as other learning acquired outside traditional academic institutions.